



A subsidiary of Pinnacle West Capital Corporation

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January 4, 2005

Ms. Martha Segall
Environmental Protection Agency
Engineering & Analysis Division (4303T)
Ariel Rios Building
1200 Pennsylvania Ave. N.W.
Washington, DC 20460-0001

Dear Ms. Segall,

Arizona Public Service Company (APS) Four Corners Power Plant (Facility ID: A-UT-0453) is writing in response to the 316(b) Phase II Rule, published July 2004. The APS Four Corners Power Plant, located near Fruitland, NM was listed in the table for Facilities Receiving No EPA Technology Upgrade Costs in Appendix A of the Rule. APS understands that the listing is based upon response to the questionnaire titled Industry Short Technical Questionnaire: Phase II Cooling Water Intake Structures, dated January 2000. Attached to this letter is a copy of the completed Industry Short Technical Questionnaire submitted by the APS Four Corners Power Plant on March 6, 2000. APS is requesting re-evaluation of the listing based on new understanding of the 316(b) Rule and the facility's cooling water system as described below.

The APS Four Corners Power Plant has a unique cooling process that consists of three components: 1) an intake at the San Juan River which diverts approximately 38 million gallons of water per day about 5 miles to Morgan Lake; 2) Morgan Lake, a 1,260 acre man-made re-circulating cooling pond holding 39,000 acre-feet of water; and 3) an intake canal, at the south west corner of Morgan Lake, which diverts water to the facility's two sets of cooling water intake screens. Please review the attached 1966 USGS map of Fruitland, NM and an aerial photograph of the facility's cooling water intake structure.

In March 2000 APS submitted a completed Industry Short Technical Questionnaire on the existing cooling water system. Due to initial interpretation of the definition of a cooling water intake structure, APS responded to the questionnaire considering the cooling system as a whole. Therefore, APS provided data on the intake design and operation at the San Juan River pumping station only, while the intakes at Morgan Lake were considered to be part of a cooling water system with a cooling pond. APS believes it may have received a listing of "n/a" as a result of this interpretation.

In July 2004 when the 316(b) Rule was finalized and published, APS realized that since the San Juan River merely provides source water for Morgan Lake it is not subject to the Rule, because it is not the source of cooling water for the Four Corners Power Plant. However, Morgan Lake is a source of cooling water for the facility. APS has a National Pollutant Discharge Elimination System (NPDES) permit, it does withdraw greater than 50 million gallons per day from Morgan Lake, a water of the U.S., and greater than 25% of the withdrawn water is used for cooling purposes. Therefore, APS Four Corners Power Plant meets the definition of a Phase II facility.

APS respectfully requests review of the information provided in this letter and the relevant attachments for the Four Corners Power Plant to determine if the published listing of "n/a" in Appendix A and associated EPA estimated costs of zero dollars of the 316(b) Phase II Rule is appropriate for the facility.

MS. MARTHA SEGALL

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The enclosed attachments are:

- 1) Completed Industry Short Technical Questionnaire. The form is enclosed acknowledging waiver of rights.
- 2) A 1966 USGS Map of Fruitland, NM.
- 3) An aerial photograph of APS's cooling water intake structure, and
- 4) APS's cooling water intake structure design information.

If you have any questions concerning the contents of this letter please contact Valisa Nez at (505)598-8443 or Carl Woolfolk at (505)598-8799.

Sincerely,

David Saliba
Four Corners Plant Manager